

EXAMINER'S BANKING PRACTICES SURVEY

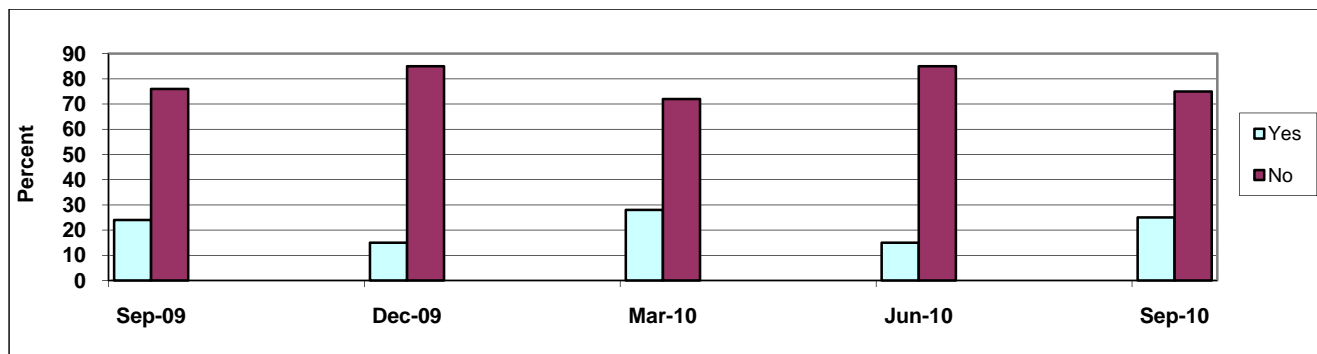
Third Quarter 2010

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Third Quarter 2010** results are compiled from **32** responses.

LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "*Significantly*" means growth of 20% or more.



Of yes responses:

| Loan Type | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 |
|-----------------------|--------|--------|--------|--------|--------|
| RE/Const/Land Devel | 22% | 25% | 19% | 13% | 18% |
| RE/Agricultural | 17% | 25% | 12% | 12% | 10% |
| RE/Commercial/Indust | 22% | 25% | 25% | 25% | 18% |
| RE/Residential | 11% | 0% | 0% | 13% | 18% |
| Agricultural | 6% | 0% | 6% | 12% | 18% |
| Commercial/Industrial | 22% | 17% | 25% | 13% | 18% |
| Consumer | 0% | 8% | 13% | 12% | 0% |

2. Is the institution active in making the following types of loans?

| | Dec-09 | | Mar-10 | | Jun-10 | | Sep-10 | |
|-----------------------------|--------|---------|---------|--------|--------|--------|--------|--------|
| | Yes 0% | No 100% | Yes 10% | No 90% | Yes 3% | No 97% | Yes 6% | No 94% |
| Of Yes Responses-Loan type | | | | | | | | |
| Sub-prime/Predatory lending | 0% | | 33% | | 0% | | 33% | |
| Dealer paper | 0% | | 67% | | 100% | | 67% | |
| Low or No-doc bus. lending | 0% | | 0% | | 0% | | 0% | |
| High LTV home eq. lending | 0% | | 0% | | 0% | | 0% | |

3. Is the bank offering below market interest rates or reduced fees to attract loans?

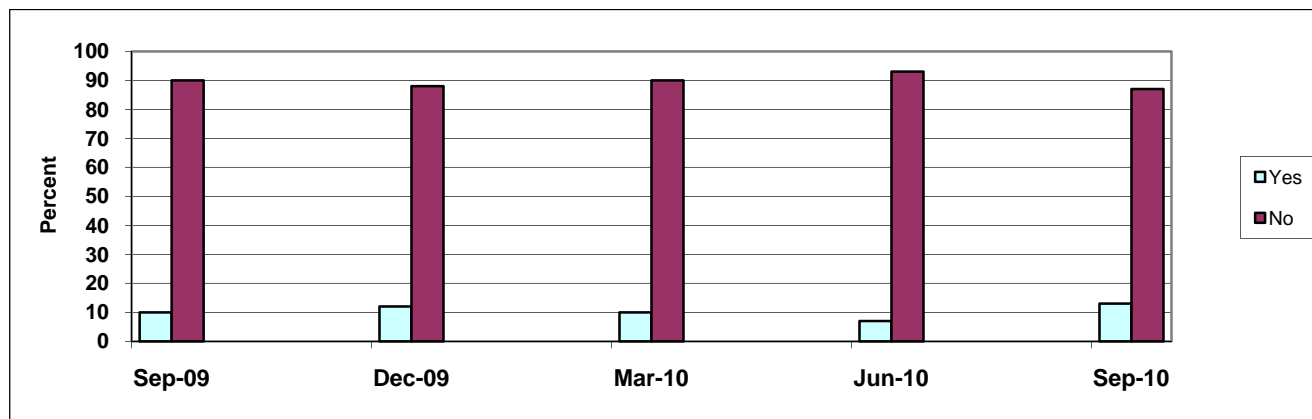
| | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 |
|-----|--------|--------|--------|--------|--------|
| Yes | 0% | 3% | 0% | 0% | 6% |
| No | 100% | 97% | 100% | 100% | 94% |

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4. Does the institution use credit scoring models for loan decisions?

| | Dec-09 | | Mar-10 | | Jun-10 | | Sep-10 | |
|------------------------------|---------|--------|---------|--------|---------|--------|---------|--------|
| | Yes 12% | No 88% | Yes 14% | No 86% | Yes 15% | No 85% | Yes 16% | No 84% |
| Of Yes Responses - Loan type | | | | | | | | |
| Credit card | 0% | | 0% | | 7% | | 16% | |
| Consumer | 44% | | 43% | | 43% | | 26% | |
| Residential mortgage | 44% | | 43% | | 36% | | 21% | |
| Small business | 12% | | 14% | | 7% | | 21% | |
| Other | 0% | | 0% | | 7% | | 16% | |

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

| | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 |
|--|--------|--------|--------|--------|--------|
| Making collateral based loans? | 12% | 22% | 0% | 38% | 29% |
| Reduced collateral margins? | 25% | 11% | 0% | 12% | 0% |
| Not requiring cash flow projections? | 25% | 34% | 50% | 25% | 29% |
| Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments) | 13% | 22% | 25% | 25% | 29% |
| Waiving guarantees or other documentation? | 12% | 11% | 0% | 0% | 13% |
| Other | 13% | 0% | 25% | 0% | 0% |

6. Describe potential risk in current underwriting practices for:

| | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 |
|---------------------------|--------|--------|--------|--------|--------|
| Agricultural Loans | | | | | |
| Minimal | 84% | 88% | 79% | 92% | 75% |
| Moderate | 16% | 12% | 21% | 8% | 25% |
| Substantial | 0% | 0% | 0% | 0% | 0% |
| Commercial Loans | | | | | |
| Minimal | 47% | 53% | 55% | 54% | 47% |
| Moderate | 44% | 41% | 31% | 33% | 47% |
| Substantial | 9% | 6% | 14% | 13% | 6% |
| Consumer Loans | | | | | |
| Minimal | 68% | 79% | 72% | 77% | 66% |
| Moderate | 32% | 18% | 24% | 23% | 34% |
| Substantial | 0% | 3% | 4% | 0% | 0% |
| Residential Loans | | | | | |
| Minimal | 79% | 76% | 79% | 77% | 66% |
| Moderate | 21% | 21% | 21% | 23% | 34% |
| Substantial | 0% | 3% | 0% | 0% | 0% |

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7. Differences between actual lending practices and written policies are:

| | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 |
|---------------------------|--------|--------|--------|--------|--------|
| Agricultural Loans | | | | | |
| Minimal | 95% | 97% | 83% | 97% | 91% |
| Moderate | 5% | 3% | 17% | 3% | 9% |
| Substantial | 0% | 0% | 0% | 0% | 0% |
| Commercial Loans | | | | | |
| Minimal | 74% | 74% | 72% | 77% | 62% |
| Moderate | 21% | 24% | 24% | 18% | 38% |
| Substantial | 5% | 3% | 4% | 5% | 0% |
| Consumer Loans | | | | | |
| Minimal | 92% | 94% | 86% | 97% | 91% |
| Moderate | 8% | 6% | 14% | 0% | 9% |
| Substantial | 0% | 0% | 0% | 3% | 0% |
| Residential Loans | | | | | |
| Minimal | 92% | 82% | 83% | 97% | 91% |
| Moderate | 8% | 18% | 17% | 0% | 9% |
| Substantial | 0% | 0% | 0% | 3% | 0% |

8. With regard to agricultural loans, describe the potential risk the bank faces from:

| | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 |
|------------------------------------|--------|--------|--------|--------|--------|
| Carryover Debt | | | | | |
| Minimal | 84% | 91% | 86% | 85% | 78% |
| Moderate | 16% | 9% | 14% | 15% | 22% |
| Substantial | 0% | 0% | 0% | 0% | 0% |
| Phase-out of Farm Subsidies | | | | | |
| Minimal | 79% | 91% | 90% | 92% | 84% |
| Moderate | 21% | 9% | 10% | 8% | 16% |
| Substantial | 0% | 0% | 0% | 0% | 0% |
| Drop in Land Values | | | | | |
| Minimal | 74% | 97% | 90% | 80% | 81% |
| Moderate | 26% | 3% | 10% | 20% | 19% |
| Substantial | 0% | 0% | 0% | 0% | 0% |

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

| | Dec-09 | | Mar-10 | | Jun-10 | | Sep-10 | |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|-------|
| No. Banks with Inc/(Dec) in ratio (%) | + 71% | - 29% | + 76% | - 24% | + 64% | - 36% | + 69% | - 31% |
| Average Inc/(Dec) in Ratio | 23.3 | (16.0) | 21.0 | (13.2) | 28.2 | (12.3) | 19.8 | (8.6) |
| Cause of Increase | | | | | | | | |
| Eased underwriting standards | 2% | | 2% | | 0% | | 6% | |
| Deterioration in new loans | 4% | | 2% | | 2% | | 4% | |
| Deterioration in older loans | 43% | | 43% | | 45% | | 45% | |
| Participations or out-of-territory | 8% | | 17% | | 9% | | 8% | |
| Economic conditions | 39% | | 32% | | 36% | | 33% | |
| Changes in lending personnel | 2% | | 0% | | 2% | | 0% | |
| New types of lending activity | 0% | | 2% | | 0% | | 0% | |
| Other | 2% | | 2% | | 6% | | 4% | |

10. Estimate loan classifications at this examination into the following types:

| Loan Type | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 |
|---------------------------|--------|--------|--------|--------|--------|
| RE/Const/Land Development | 48% | 53% | 27% | 26% | 35% |
| RE/Agriculture | 1% | 1% | 1% | 2% | 3% |
| RE/Commercial/Industrial | 29% | 29% | 51% | 44% | 38% |
| RE/Residential | 9% | 6% | 9% | 11% | 9% |
| Agricultural | 0% | 0% | 1% | 1% | 0% |
| Commercial/Industrial | 10% | 9% | 8% | 13% | 13% |
| Consumer | 3% | 2% | 3% | 3% | 2% |

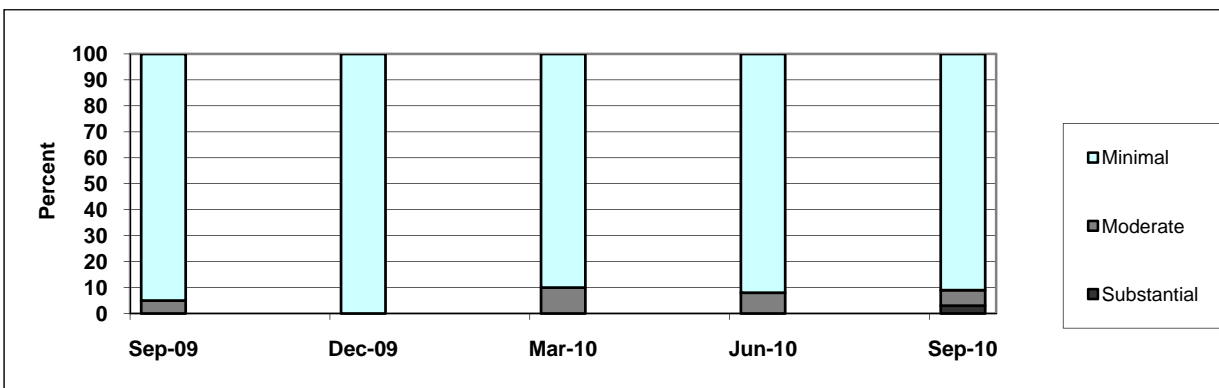
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INVESTMENTS

11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

| | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 |
|-----|--------|--------|--------|--------|--------|
| Yes | 0% | 0% | 0% | 3% | 3% |
| No | 100% | 100% | 100% | 97% | 97% |

12. Differences between actual investment practices and written policies are:



OTHER

13. Has the bank established a borrowing line with FHLB?

| | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 |
|--|--------|--------|--------|--------|--------|
| Yes | 95% | 94% | 86% | 87% | 81% |
| No | 5% | 6% | 14% | 13% | 19% |
| If yes, does the bank actively borrow from the FHLB? | | | | | |
| Yes | 75% | 84% | 80% | 82% | 89% |
| No | 25% | 16% | 20% | 18% | 11% |

14. Does the bank hold off-balance sheet derivatives?

| | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 |
|-----|--------|--------|--------|--------|--------|
| Yes | 5% | 9% | 3% | 15% | 12% |
| No | 95% | 91% | 97% | 85% | 88% |

15. List nontraditional activity the institution is engaged in.

| | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 |
|---|--------|--------|--------|--------|--------|
| Yes | 82% | 85% | 90% | 85% | 75% |
| No | 18% | 15% | 10% | 15% | 25% |
| Of those that do: | | | | | |
| Nondeposit Investment Sales | 18% | 18% | 13% | 13% | 15% |
| Insurance Sales | 8% | 7% | 11% | 10% | 9% |
| Real Estate Loan Secondary Market Sales | 31% | 31% | 34% | 29% | 25% |
| Non-transactional Web Site | 6% | 7% | 8% | 7% | 7% |
| Transactional Web Site | 37% | 35% | 34% | 40% | 40% |
| Other | 0% | 2% | 0% | 1% | 4% |